

**OMB Circular A-133 Compliance Report**

**City of Flint  
Michigan**

**For Year Ended June 30, 2004**

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**Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable Mayor and Members  
of City Council  
City of Flint, Michigan

We have audited the basic financial statements for the City of Flint as of and for the year ended June 30, 2004, and have issued our report thereon dated December 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Flint's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered City of Flint's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Flint's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1 through 04-11.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider Finding 04-1 to be a material weakness.

This report is intended for the information of City Council, management, the State of Michigan, the cognizant audit agency, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*BKR Dapina & Ryden*

Certified Public Accountants  
Flint Office

March 28, 2005

**Report on Compliance with Requirements Applicable to  
each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and Members  
of City Council  
City of Flint, Michigan

**Compliance**

We have audited the compliance of City of Flint with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. City of Flint's major federal programs are identified in Part III of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Flint's management. Our responsibility is to express an opinion on City of Flint's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Flint's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Flint's compliance with those requirements.

As described in items 04-12 through 04-18 in the accompanying schedule of findings and questioned costs, the City of Flint did not comply with requirements regarding reporting, special tests, and provisions that are applicable to its major programs, Community Development Block Grant, HOME Investment Partnership Program, Local Law Enforcement Block Grant, Emergency Shelter Grant, EDA Revolving Loan Fund and Community Policing Grants. Compliance with such requirements is necessary, in our opinion, for City of Flint to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Flint complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

## **Internal Control over Compliance**

The management of City of Flint is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Flint's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City of Flint's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-12 through 04-18.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, none of the reportable conditions described above are consider to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of City of Flint as of and for the year ended June 30, 2004, and have issued our report thereon dated December 6, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of City Council, management, the Mayor's office, federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants  
Flint Office

March 28, 2005

**City of Flint**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

**Section I**

**Part I**

1. Did the auditee expend more than \$25,000,000  
in federal awards during the fiscal year? ☐ Yes ☒ No
2. If answer to question 1 was yes, indicate which  
federal agency provided the predominant amount  
of direct funding. \_\_\_\_\_

**Part II – Financial Statements**

Type of auditor's report issued:

Qualified

Going concern explanatory paragraph included ☐ Yes ☒ No

Internal control over financial reporting:

Material weakness(es) identified? ☒ Yes ☐ No

Reportable condition(s) identified  
Not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements  
noted? ☐ Yes ☒ No

Findings related to the financial statements reported in accordance with *Governmental Auditing Standards*: None

**Part III – Federal Programs**

Type of auditor's report issued on compliance  
for major programs:

Qualified

Does the auditor's report include a statement  
that the auditee's financial statements include  
departments, agencies, or other organizational  
units expending greater than \$300,000 in Federal  
awards that have separate A-133 audits which are  
not included in this audit? ☐ Yes ☒ No

Dollar threshold used to distinguish  
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee ☐ Yes ☒ No

(continued)

**City of Flint**  
**Schedule of Findings and Questioned Costs - (continued)**  
**Year Ended June 30, 2004**

**Section I – (continued)**

**Part III – Federal Programs – (continued)**

Is a reportable condition disclosed for any major program?      X   Yes                           No

Is any reportable condition reported as a material weakness?           Yes                      X   No

Are any known questioned costs reported?                                   Yes                      X   No

Was a Summary Schedule of Prior Audits Findings Prepared?      X   Yes                           No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>11.307</u>	<u>Title IX Revolving Loan Fund</u>
<u>14.218</u>	<u>Community Development Block Grant</u>
<u>14.231</u>	<u>Emergency Shelter Grant</u>
<u>14.246</u>	<u>Economic Development Initiative</u>
<u>14.239</u>	<u>HOME Investment Partnership</u>
<u>16.710</u>	<u>COPS</u>
<u>16.592</u>	<u>Local Law Enforcement Block Grant</u>
<u>20.205</u>	<u>Transportation Enhancement Activities</u>

**Section II**

Findings relating to the financial statements reported in accordance with *Governmental Auditing Standards* that are considered to be reportable conditions:

**04-1    Payroll Clerk Responsibilities and Training**

In discussion with the payroll clerks in the various City Departments, we noted that there was not consistency in the payroll internal control procedures they understood they were to be performing. Also, the procedures that the clerks thought were to be performed, were not always consistent with the procedures that the Finance Department thought they were performing. This situation was created by new personnel in various positions, new software and internal control procedures being implemented without a thorough understanding of all users, no written procedures for the payroll clerks to follow and a lack of training on the new software. This material weakness did allow an overpayment of payroll funds to occur. We suggest that the Finance Department establish written procedures to be followed by all City staff involved in the payroll process and that a training program be held with all staff in attendance. Also, as new staff are moved into a payroll clerk position, they should be trained on the written procedures and software.



**City of Flint**  
**Schedule of Findings and Questioned Costs - (continued)**  
**Year Ended June 30, 2004**

**Section II – (continued)**

**04-1 Payroll Clerk Responsibilities and Training – (continued)**

We also understand that the payroll clerks and separate department accountants and independent department accountants fall under the supervision of the department head. We would suggest these staff be supervised by the Finance Director in order to keep the implementation of internal controls consistent.

**04-2 Payroll Software System**

The payroll software system should interface with the general ledger system. This is needed for internal control reasons (less chance for human error or changes to how wages are allocated) as well as timely posting to better monitor budget to actual.

**04-3 Oak Business Center Cash Receipting and Rent Roll Records**

Subsequent to year end, the management agent for Oak Business Center was no longer being utilized. The City's Finance Department is now receiving and posting rental payments. Currently, one person has control over the receipting process and the rent receivable records. This represents a lack of segregation of duties as no other staff is reviewing these records on a consistent basis so errors could be occurring without being discovered. We would recommend that the staff receipting the rent payments not be responsible for maintaining the rent receivable records. We would also suggest that statements be sent out on at least a quarterly basis to tenants.

**04-4 Budget Amendment**

The budget adopted for 2005 does not show the change in fund balance as required by state law. The use of fund balance is recorded as an actual revenue in the line item detail for fund balance. So the public document does not clearly show the use of fund balance as required.

**04-5 Grants Administration**

During fiscal 2004 a staff person in the Finance Department was given the responsibility to oversee grants. A spreadsheet detailing all known grants and their status as well as pertinent grant information is now maintained in the Finance Department. We suggested a process be developed whereby any City department receiving a grant must meet with the grants person in Finance and provide that person with a copy of the grant agreement and the name of the person who is to be the grant manager. Once the grant is started the grant manager must regularly provide the Finance Department with a copy of the grant reimbursement request accompanied by the general ledger reports from which grant requests are made. All quarterly or annual grant reports and any communication with the granting agency should also be forwarded to the Finance Department grants person. As of June 30, 2004, finance is still not consistently receiving the grant agreements they need to properly perform grant administration. Also, grant billings done by some departments were not done timely.

**City of Flint**  
**Schedule of Findings and Questioned Costs - (continued)**  
**Year Ended June 30, 2004**

**Section II – (continued)**

**04-6 Payroll Department**

During fiscal 2003, the payroll coordinator had control over the processing of payroll checks, printed payroll checks with authorized check signatures on them, distributed the checks to the departments and transmitted direct pay detail to the bank. It is our understanding that the departments do not verify the accuracy of their department's payroll as they did not receive payroll journals. We continued to suggest every department receive a payroll journal and be instructed on how to verify the amount of the payroll checks before releasing the checks. This situation continued into fiscal 2004.

**04-7 Allocation of Indirect Costs**

Any time a specific cost is allocated across various departments, funds, grants, etc, there should be documentation to support the allocation methodology. A cost allocation plan is especially important where grant funds are used to pay for the allocated cost. During fiscal 2003, the cost of the data processing department was allocated to various City funds and grants. There was no written support for the way in which the data processing department costs was allocated.

During the year ended June 30, 2004, the City implemented a cost allocation plan to allocate a portion of costs incurred in the general fund that benefit other funds. A consultant was hired and a plan developed. However, the plan was flawed in that it did not allow for the recording of expenditures in accordance with financial reporting requirements, and costs were allocated based on the 2004 budgeted amounts rather than historical or current year actual expenditures. Entries were initially made on the general ledger to charge indirect costs based on the plan. Prior to year end, the plan was amended to charge indirect costs based on actual expenditures.

It is our understanding that the budget adopted for 2005 includes revenues and expenditures based on the costs allocation plan using budgeted numbers. Budgeted numbers are not an allowable method to allocate indirect costs. This problem was corrected for 2004, but with considerable time and effort by the finance staff. We would recommend that the budget and general ledger postings for 2005 related to the cost allocation plan be reviewed and revised to an allowable method to allocate indirect costs. This should be done as soon as possible to ensure that interim financial information is accurate and useful.

**04-8 Parks and Recreation**

During fiscal 2002 we noted that the golf courses did not have starters to verify that customers had paid for their golf and carts. The golf courses continued to operate without starters or rangers during fiscal 2004. Staff at the courses believe the customers realize the lack of monitoring of paid fees for play and for carts and have used this weakness to their advantage. They believe that substantial revenue was lost by not utilizing starters.

Due to the size of the staff at the golf courses there was a lack of segregation of duties during 2003, which continued into 2004. The cashier receipts cash, prepares the receipt and deposit forms, and determines the account coding assigned to receipts.

**City of Flint**  
**Schedule of Findings and Questioned Costs - (continued)**  
**Year Ended June 30, 2004**

**Section II – (continued)**

**04-9 Policy and Procedures Manuals**

Staffing, procedures, and software have changed dramatically in most City Departments in the last two years. During fiscal 2003, we suggested that a policy and procedures manual be completed by all City Departments to document their policies and procedures. As the policies and procedures are documented they should be reviewed to determine if they are performed in the most efficient and effective manner. We understand that the manuals were started during fiscal 2004.

**04-10 FleetAny Where Software**

The FleetAny Where Software has not been updated in the past few years which has resulted in incomplete and inaccurate vehicle and equipment usage and cost reports. We suggested in fiscal 2003 this software be updated so the reports are accurate and available for making management decisions. This situation continued into fiscal 2004.

To minimize delays in the use of the FleetAny Where software in times of emergency we suggested the passwords issued to use the FleetAny Where Software program be maintained by the information services department. This situation was corrected in fiscal 2004.

It is our understanding that not all sales of vehicles and equipment are being reported to the person in charge of maintaining the Fleet vehicle and equipment inventory. We suggest procedures be put in place to ensure that fleet records are accurate and that titles accompany items sold where applicable.

**04-11 Investment Policy**

The investment policy adopted by the City indicates a number of limitations as to investment holdings. Sometimes the limitations are listed as a percentage of a fund and sometimes the limitation is listed as a percentage of market value of the fund. The investment policy should be amended to be clear as to what the limitation applies to: cost or market.

**City of Flint**  
**Schedule of Findings and Questioned Costs (continued)**  
**June 30, 2004**

**Section III**

Findings and questioned costs related to federal awards:

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<u>Finding 04-12</u> Local Law Enforcement Block Grant CFDA 16.592	<p><u>Finding:</u></p> <p>The grant requires that quarterly financial status reports be filed within 45 days of the end of each calendar quarter. Per review of the 8 reports filed for the grants active during the fiscal year ended June 30, 2004, four reports were filed within the required time frame.</p> <p><u>City Response:</u></p> <p>The City is exploring budget and staff initiatives that would provide for timely filing of the report.</p>	\$-0-
<u>Finding 04-13</u> COPS Grant CFDA 16.710	<p><u>Finding:</u></p> <p>The grant requires that quarterly financial status reports be filed within 45 days of the end of each calendar quarter. Per review of the 6 reports filed for the grants active during the fiscal year ended June 30, 2004, none were filed within the required time frame.</p> <p><u>City Response:</u></p> <p>The City is exploring budget and staff initiatives that would provide for timely filing of the report.</p>	\$-0-
<u>Finding 04-14</u> EDA Revolving Loan Fund CFDA 11.307	<p><u>Finding:</u></p> <p>The A-133 compliance supplement indicates that quarterly reports are to be filed detailing the programmatic and financial results of the loan program. The City did not prepare any quarterly reports during the year ended June 30, 2004.</p> <p><u>City Response:</u></p> <p>Per the original grant agreement, reporting responsibilities ceased with the final close out report to be filed five years after the original grants in 1981 and 1984. Therefore, the City believed that reporting was not required for the program. Per discussion with the federal agency, reporting is required and the City is in the process of preparing prior year and current reports.</p>	\$-0-

**City of Flint**  
**Schedule of Findings and Questioned Costs (continued)**  
**June 30, 2004**

**Section III**

Findings and questioned costs related to federal awards: - (continued)

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<u>Finding 04-15</u> HOME Grant CFDA 14.239	<u>Finding:</u> HOME funds have been used to assist in the construction of five low income multi-family rental housing. The City is required to monitor the rental housing operations to ensure that units funded with HOME grants are rented only to allowable low income tenants. The City's procedures are to obtain income certifications prepared by rental property management and review those certifications annually. One property has not provided the necessary documentation. The City is working with the owner to obtain the information.  <u>City Response:</u> The City is working with the owners of the property to obtain and review the information.	\$-0-
<u>Finding 04-16</u> HOME Investment Partnership CFDA 14.239	<u>Finding:</u> HOME funds have been used to assist in the construction of five different low income multi-family rental housing. The City is required to perform on-site inspections and verify information submitted by the owners asserting that their buildings are in compliance with property standards. The City's procedure is to obtain building inspections performed by the building owners for other purposes and review the documentation to ensure that the building is in good repair. One property has not submitted its inspections. The City is working with the owner to obtain the report.  <u>City Response:</u> The City is working with the owners of the property to obtain and review the information.	\$-0-

**City of Flint**  
**Schedule of Findings and Questioned Costs (continued)**  
**June 30, 2004**

**Section III**

Findings and questioned costs related to federal awards: - (continued)

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<u>Finding 04-17</u> EDA Revolving Loan Fund CFDA 11.307	<p><u>Finding:</u></p> <p>The A-133 Compliance Supplement indicates that loan files should be maintained which must contain certain items. Two required items, a copy of the loan application forms and documentation of the inability to obtain conventional financing for the project could not be located.</p> <p><u>City Response:</u></p> <p>The loan initiation and processing was performed by an agent for the City who no longer provides services to the City. The City is in the process of obtaining the documentation. City files contained all closing and legal documents related to the loan.</p>	\$-0-
<u>Finding 04-18</u> HOME Grant CFDA 14.239  CDBG Grant CFDA 14.218  Emergency Shelter CFDA 14.231	<p><u>Finding:</u></p> <p>The City did not provide the CFDA number of pass through federal grants to their subrecipients for contracts issued for the fiscal year ended June 30, 2004.</p> <p><u>Response:</u></p> <p>The appropriate CFDA numbers have been added to master agreements for future use, beginning with the July 2004 to June 30, 2005 contracting period.</p>	\$-0-

**City of Flint, Michigan  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Federal Assistance I.D. Number</u>
<b>Department of Housing and Urban Development</b>		
Direct Programs:		
Community Development Block Grant (Year 22)(2)	14.218	B-96-MC-26-0018
Community Development Block Grant (Year 24)(2)	14.218	B-98-MC-26-0018
Community Development Block Grant (Year 25)(2)	14.218	B-99-MC-26-0018
Community Development Block Grant (Year 26)(2)	14.218	B-00-MC-26-0018
Community Development Block Grant (Year 27)(2)	14.218	B-01-MC-26-0018
Community Development Block Grant (Year 28)(2)	14.218	B-02-MC-26-0018
Community Development Block Grant (Year 29)(2)	14.218	B-03-MC-26-0018
Emergency Shelter Grant - 2001 (2)	14.231	S-01-MC-26-0018
Emergency Shelter Grant - 2002 (2)	14.231	S-02-MC-26-0018
Emergency Shelter Grant - 2003 (2)	14.231	S-01-MC-26-0018
HOME Investment Partnership Program - 1998(2)	14.239	M-98-MC-26-0204
HOME Investment Partnership Program - 1999(2)	14.239	M-99-MC-26-0204
HOME Investment Partnership Program - 2001(2)	14.239	M-01-MC-26-0204
HOME Investment Partnership Program - 2002(2)	14.239	M-02-MC-26-0204
HOME Investment Partnership Program - 2003(2)	14.239	M-03-MC-26-0204
Economic Development Initiative	14.246	B-99-MC-26-0204
Economic Development Initiative - Special Projects	14.246	B-00-SP-MI-0178
Home Ownership Zone Grant	N/A	H297-035
<b>Total Department of Housing and Urban Development</b>		
<b>Department of Interior</b>		
Direct Programs:		
Urban Parks and Recreation Recovery Program Grant	15.919	26-CTY-1730-01-01
<b>Department of Homeland Security</b>		
Indirect Programs:		
Passed Through Genesee County		
State Domestic Preparedness Equipment Support Program	97.004	N/A
<b>Department of Health and Human Services</b>		
Indirect Programs:		
Passed Through Genesee County		
Healthy Start Initiative	93.926	N/A
Healthy Start Initiative	93.926	N/A
<b>Total Department of Health and Human Services</b>		
<b>Department of Justice</b>		
Indirect Programs:		
Passed Through State of Michigan		
Office of Drug Control Policy		
Bryne Memorial -2003 - Juvenile Intervention	16.579	70929-3K02
Bryne Memorial -2003 - School Residence Officer	16.579	72077-1K02
Bryne Memorial -2004 - School Residence Officer	16.579	72077-2-03-B

<u>Federal Grant Amount</u>	<u>Accrued Expenditures For Year Ended 06/30/04(1)</u>
\$ 5,824,000	\$ 97,008
5,535,000	112,534
5,569,000	179,828
5,574,000	104,757
5,756,000	273,376
5,886,000	2,336,444
5,274,000	3,835,124
197,000	9,850
196,000	26,446
202,000	148,413
1,793,000	381,351
1,933,000	33,000
2,154,000	543,527
2,153,000	510,727
1,359,439	230,146
700,000	152,496
462,500	174,825
2,013,000	63,823
<hr/> 52,580,939	<hr/> 9,213,675
 <hr/> 224,686	 <hr/> 107,797
  <hr/> 85,903	  <hr/> 9,391
   129,245	   114,625
128,857	13,334
<hr/> 258,102	<hr/> 127,959
   166,500	   38,841
114,959	22,901
209,109	57,162



**City of Flint, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Federal Assistance I.D. Number</u>
<b>Department of Justice (continued)</b>		
Indirect Programs:		
Passed Through County of Genesee	16.579	70983-2K02
Bryne Memorial -2003 - FANG	16.579	70983-3-03-B
Bryne Memorial -2004 - FANG		
Passed Through State of Michigan		
Department of Community Health		
Victims of Crime Act of 1984 (20431-7V02)	16.575	2002-VA-GX-0026
Victims of Crime Act of 1984 (20431-6V01)	16.575	2001-VA-GX-0026
Direct Programs:		
COPS - COPS in Schools	16.710	2002SHWX0551
COPS - Technology Grant	16.710	2003-CK-WX-0132
Local Law Enforcement Block Grant	16.592	01-LB-BX-3687
Local Law Enforcement Block Grant	16.592	02-LB-VX-2564
Local Law Enforcement Block Grant	16.592	03-LB-BX-2016
Bullet Proof Vest Partnership Program	16.607	N/A
<b>Total Department of Justice</b>		
<b>Environmental Protection Agency</b>		
Indirect Programs:		
Passed Through State of Michigan		
Capitalization Grant for Drinking Water Revolving Fund Loans	66.468	N/A
Direct Programs:		
Vulnerability Assessment Grant	66.476	HS-83076101-0
<b>Total Environmental Protection Agency</b>		
<b>Economic Development Administration</b>		
Direct Programs:		
Title IX Revolving Loan Fund - program income(3)	11.307	N/A
<b>Department of Transportation</b>		
Indirect Programs:		
Passed through State of Michigan:		
Highway Planning and Construction (TEA-21)	20.205	STP-0225 (017)
Highway Planning and Construction (TEA-21)	20.205	STP-0225 (021)
Highway Planning and Construction (TEA-21)	20.205	STP-0325 (035)
<b>Total Department of Transportation</b>		
<b>Total Federal Assistance</b>		

<b>Federal Grant Amount</b>	<b>Accrued Expenditures For Year Ended <u>06/30/04(1)</u></b>
15,053	7,839
33,062	23,643
100,588	66,626
100,070	34,037
1,250,000	449,777
248,375	190,000
673,774	203,884
591,816	403,276
394,579	70,959
7,442	7,442
<u>3,905,327</u>	<u>1,576,387</u>
14,746,711	3,098,458
<u>115,000</u>	<u>35,213</u>
<u>14,861,711</u>	<u>3,133,671</u>
<u>1,500,000</u>	<u>289,029</u>
249,563	167,048
785,715	628,572
<u>219,974</u>	<u>177,318</u>
<u>1,255,252</u>	<u>972,938</u>
<u>\$ 74,671,920</u>	<u>\$ 15,430,847</u>

**City of Flint, Michigan**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2004**

- (1) "Expenditures" include all accrual basis federal expenditures that result in the receipt of federal monies associated with the project as well as expenditures of program income, except as noted in (3).
- (2) The Community Development Block Grant Program, Home Investment Partnership Program, and Emergency Shelter Grant expend a majority of their funding through subrecipients subject to the Single Audit Act.
- (3) At June 30, 2004, the revolving loan fund has a business loan portfolio of \$702,328 net of estimated uncollectible reserve and cash and investment holdings of \$1,115,805. All current year expenditures were funded via program income.

**City of Flint**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2004**

Findings 03-1 to 03-3 relate to internal controls and are not specific to federal awards therefore they have not been included on this schedule.

2003 – Finding No. 03-4

Condition:

Reports required under the Local Law Enforcement Block grant were not filed timely.

Recommendation:

File reports timely.

Current Status:

Testing performed during the 2004 Single Audit indicates that reports are not being filed within the required time frames. The comment is repeated in the 2004 Schedule of Findings and Questioned Costs.

2003 – Finding No. 03-5

Condition:

The City did not provide the CFDA number of pass through federal grants to their subrecipients.

Recommendation:

Change contracts with subrecipients to include the CFDA numbers.

Current Status:

During review of current contracts this information was not provided until the July 1, 2004 to June 30, 2005 funding year. This comment is repeated in the 2004 Schedule of Findings and Questioned Costs.

2003 – Finding No. 03-6

Condition:

Reports under the COPS grant were not filed timely.

Recommendation:

File reports timely.

Current Status:

Testing performed during the 2004 Single Audit indicates that reports are not being filed within the required time frames. This comment is repeated in the 2004 Schedule of Findings and Questioned Costs.

**City of Flint**  
**Summary Schedule of Prior Audit Findings (continued)**  
**Year Ended June 30, 2004**

2003 – Finding No. 03-7

Condition:

Reports required by the EDA Revolving Loan Program were not filed.

Recommendation:

Grant documentation indicated that reports were not required after five years.

Current Status:

During fiscal 2004, the federal agency clarified that reports are still required. The City is in the process of preparing prior and current year reports.

2003 – Finding No. 03-8

Condition:

The City was not monitoring apartment complexes subsidized with HOME monies to ensure that units were only rented to eligible low income tenants.

Recommendation:

Obtain the necessary documentation to monitor the rental units.

Current Status:

Of the five apartment complexes subsidized with HOME funds, necessary documentation was received from four apartment complexes. The City is working with the owner of the apartment complex that has not provided the information.

2003 – Finding No. 03-9

Condition:

The City was not monitoring the physical condition of apartment buildings subsidized with HOME funding.

Recommendation:

Obtain the necessary documentation to inspect the physical condition of the apartment buildings.

Current Status:

Of the five apartment buildings subsidized with HOME funds, necessary documentation of physical inspections was received from three of the apartments. The City is working with the owners of the two apartments that did not submit inspection documentation.